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Security Information

11 April 1952

MEMORANDUM FOR: INSPECTOR GENERAL, CIA

SUBJECT: procurement

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REFERENCE: Secret memo dtd 7 April 1952, from Inspector General, to DDCI, subject as above.

1. Although I understand that the reference memorandum has been withdrawn, this memorandum may still be helpful on the problem involved. Paragraphs 3 through 6 of the reference memorandum recite certain figures and conclusions regarding current materiel inventory in FE overseas. This information appears to be based on my telephone conversation with you at 1100 hours, Saturday, 5 April 1952.

2. The passages cited indicate some misunderstanding about this information. Further, they do not take into account the extremely cautious qualifications which I attached in giving it. This present memorandum is written, therefore, to provide a record of the information involved and of the cautions which, as emphasized in the conversation, should be fully weighed in its use. Since the entire conversation was carefully veiled to meet security considerations, I recognize that some lack of clarity might have resulted therefrom.

3. Briefly, your inquiry to me asked what information exists regarding the amount of materiel inventory on hand in FE overseas. In all, the response to this question was as follows:

a. Preliminary explanation was given first as follows: Since December 1951, FE and Opc/LD, in cooperation with the CIA Office of Procurement, have conducted a pilot operation to establish a complete supply accountability control system for overseas materiel. The following considerations were especially emphasized:

- (1) That this system is still in the developmental stage.
- (2) That the system had produced its first tentative set of totals as of 29 February 1952, but that the precision and accuracy of these totals could not yet be affirmed.
- (3) That these totals could not yet be relied upon as a

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basis for any substantial conclusions regarding the supply situation.

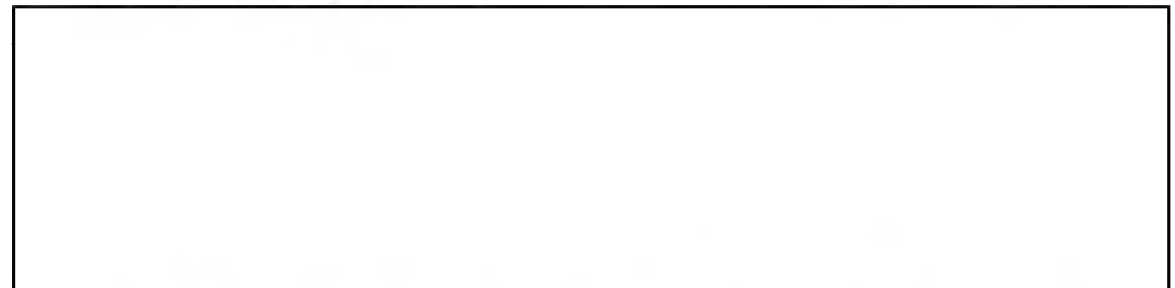
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b. The following basic information was given in direct response to your inquiry: Against my own reluctance to give any figure in such circumstances, you stated your recognition of the limitations. Consequently, I stated that the tentative total, as of 29 February 1952, stood at [REDACTED] I mentioned my surprise at this amount, indicating the possibility that further analysis would find the accurate figure to be lower. (As supplemental comment now, quick recheck has indicated that this total amount is [REDACTED])

c. The following further explanation was added: I pointed out that this tentative total was one over-all figure which included materiel from all sources, and that the system had not yet reached the point of giving detailed subtotals by source. I described the categories of separate sources of such materiel as the following:

(1) Materiel procured by action of the CIA Office of Procurement.

(2) Materiel directly purchased by CIA elements overseas, pursuant to approved projects in accordance with proper fiscal and procurement authorizations.

(3) Materiel drawn from Department of Defense sources in accordance with approved projects and subject to CIA reimbursement to Defense on the basis of current agreements with Defense. (I stated that this inventory did not yet tell us in detail what is in this category.)



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d. Offer of further assistance was given as follows: I expressed my wish to put [REDACTED] Chief of the Logistics Division, Opc, in touch with you so that he and his staff could give you detailed and accurate information concerning your inquiry.

e. The following

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e. The following brief statement was given on a different question and subject: You further inquired about the availability of detailed requirements for future FE operations. I described the current logistic planning exercise in process for the period of eighteen months beyond 1 July 1952 and stated that it would be a couple of months before these detailed requirements estimates could be fully reviewed and collated. I gave assurance that you would be notified when this study has been completed.

4. This present memorandum is limited strictly to the portions of the reference memorandum which involve the above conversation, and therefore it omits more general comment on the reference memorandum in total with its over-all conclusions and recommendations. These broader aspects will be covered in additional detailed analysis.

5. If your recollection of this conversation differs from mine, or if I can be of further help in clarifying this problem, I shall be pleased to come to your office to discuss the matter at length.



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Chief, Administration
and Logistics Staff

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